



Department of
Primary Industries and
Regional Development

*We're working for
Western Australia.*

Western Australian horticulture industry snapshot

A summary of the Western Australian Horticulture Industry –
Overview for potential investors and other stakeholders



There are different types of investors

All are needed and welcome in the Western Australian horticulture industry

Important notice: The recent COVID-19 pandemic has affected the community and aspects of the global economy. Disruptions to supply chains, air freight and other business activities are acknowledged. Collaborative efforts by governments, industries and communities will chart the way forward knowing global demand for food and the supply of the many products from Western Australia's primary industries will continue. The information presented in this Industry Snapshot as at February 2020 serves as a reference point for continued industry innovation and growth.



Farmers continuously invest in land, genetics and farm innovations to drive growth. Western Australian horticulture producers supply fresh and processed produce locally, across Australia and beyond.



Integrated growers, packers and shippers are significant investors in the horticulture industry, driving innovation, new product development and expansions in Western Australia.



Packers, marketers and wholesalers play a large role in wholesaling and marketing products across the world.



Industry bodies and various produce research and science organisations all invest in the Western Australian sector, providing innovative solutions across the whole value chain, from farm to consumer.

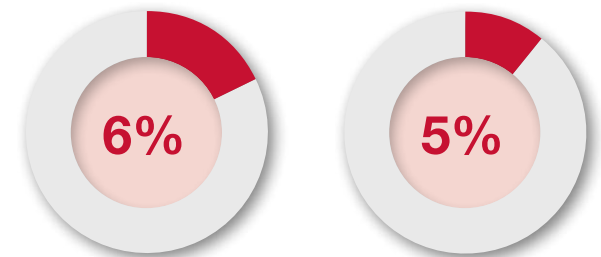


State and Federal Government – across multiple agencies and departments – invests heavily in the industry through research, grants, education and support.



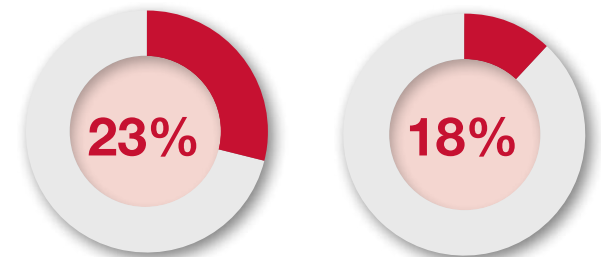
Twenty year growth rate of fruit and vegetable import volume

CAGR; tonnes; import volume



China

Indonesia

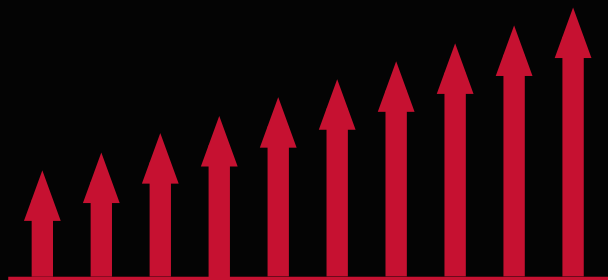


Vietnam

UAE

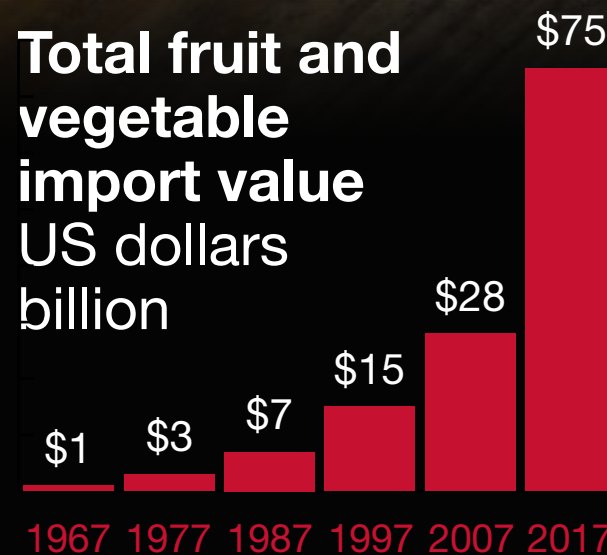
CAGR = Compound annual growth rate
 Source: UN FAO Stat system
 UAE = United Arab Emirates

Growing demand from Asia and the Middle East



us \$47 billion growth in demand over the last decade

Total fruit and vegetable import value US dollars billion



Markets include: China, Indonesia, the Middle East, all other Asia and North Africa

Western Australia is well positioned to deliver



Shipping times and time zones from Perth



Western Australia is the closest, most accessible Western region to Asia; it is in the same, or adjacent, time zone as Beijing, Manila, Hong Kong, Tokyo, Singapore, Kuala Lumpur and other regional centres.

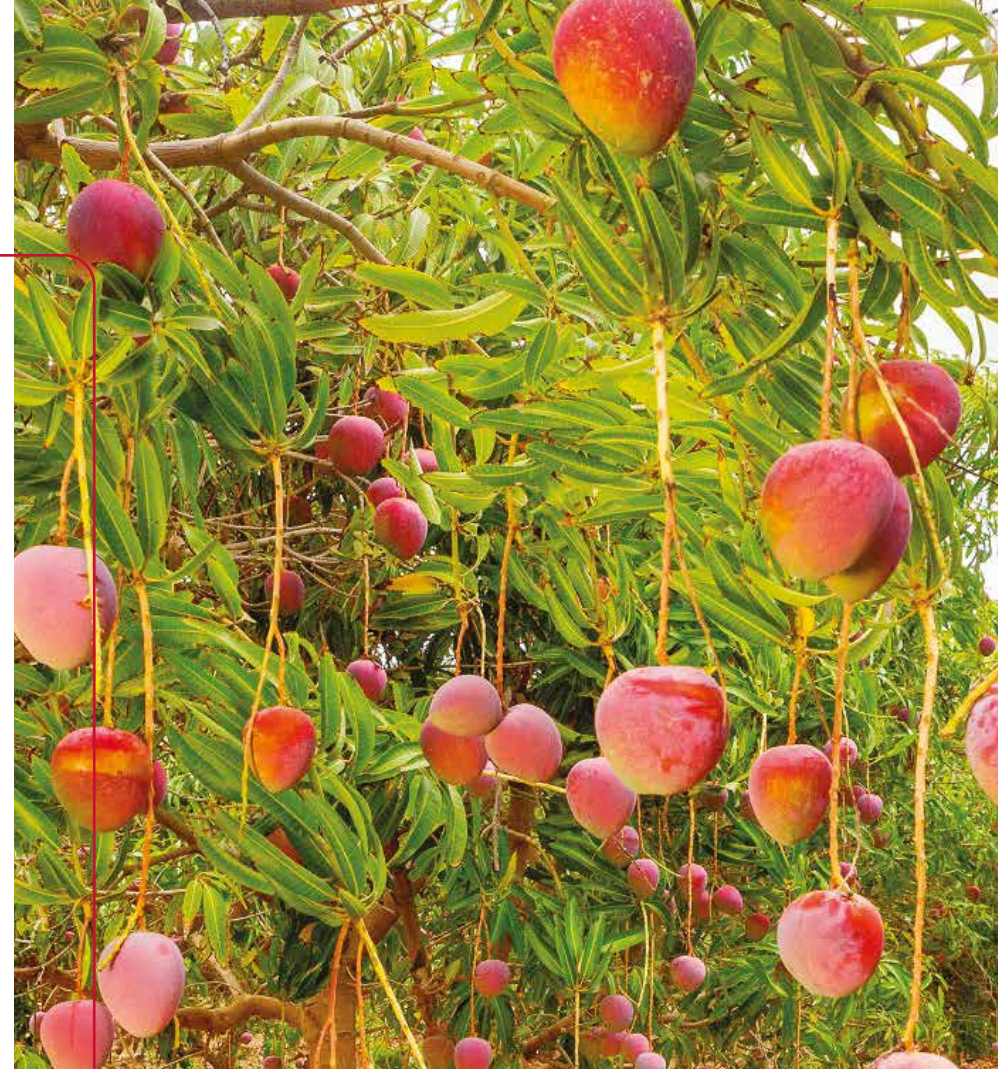


Flights from Perth

Western Australia has regular flights out of Perth to Asia and the Middle East and global destinations. In addition, the Busselton Margaret River Airport (225 km south west of Perth) has completed a runway upgrade, providing an international alternative for the South West.



As at April 2020, the COVID-19 pandemic has reduced air freight carried on passenger aircraft due to fewer flights. Until resumption of regular flights, chartered air-freighters will serve export supply chains.



“Western Australia is the perfect location to supply into Asia. We can fly perishable products directly into Asian markets faster than our eastern counterparts.”

Horticultural producer



Excellent trade access

“Australia has excellent trade access with low to no tariffs with many regional partners.”

CEO, Diversified Agrifood Company

FTAs = Free trade agreements
 As at 21 February 2020
 Source: Department of Foreign Affairs and Trade



Western Australia is well positioned to supply South East and East Asia with fresh, high quality products consistently

Fresh

“The advantage of Western Australia is the close proximity to South East Asia. The geographic location is a windfall. We get a good logistics advantage.”

Regional Director, Multinational

Consistent quality

“Western Australia has a good reputation as a reliable supplier, with good product performance and a stable supply.”

General Manager, Exporter

Reliable

“Western Australia is a very attractive place to invest; stable Government, trusted systems, and it’s easy to do business.”

CEO, Horticultural Company,
Grower, Packer, Shipper

Western Australia can produce more



Resources

- Large land area for farming
- Opportunities for productivity increases
- Small local population to feed (2.6 million people)
- Readily available inputs
- Significant, reliable, inexpensive and good quality water resources in production areas
- Well managed water and environmental regulation



Skills and systems

- Educated population
- Modern farming systems
- High productivity
- Pool of service providers
- Well organised industry
- High food safety, and advanced traceability systems



Reputation

- Brand Western Australia
- Clean and green
- Strict biosecurity standards
- High levels of food safety
- Modern handling and processing facilities

Comparative advantages

Close to key markets

- Capable producers with a history of production for export to Asia and beyond
- Western Australia is well positioned to supply fresh, chilled and frozen products into Asia
- You can harvest in the morning and have your product in Singapore, Hong Kong, Vietnam and other Asian markets by the end of the day
- More competitive cost to Asia considering Australian east coast

Environment conducive to horticultural production

- Range of temperature and climatic zones
- Potential for year round production
- Range of soil types
- Large range of unique bushfoods to use as products and flavourings
- Respected and effective water and environmental licencing systems

Biosecure auditable environment

- Free from numerous pests and disease due to isolation
- Use for production of seeds for international markets
- Well resourced regulation
- Meet environmental and food safety global standards (e.g. BRCGS Global Standard for Food Safety, GlobalG.A.P.)
- Traceable production through supply chain
- Supportive Government commitment to industry
- Industry benefits from effective biosecurity management

Experienced industry

- Sophisticated and experienced industry
- Modern farming systems
- Ongoing research and development and investment in genetics and productivity increases
- Strong, organised inclusive community
- Large farms at scale

What do we have?

Western Australian has a broad range of key products



Carrots



Potatoes



Tomatoes



Greens



Beans



Onions



Broccoli



Corn



Truffles



Avocados



Apples



Citrus



Strawberries



Table grapes



Mangoes/melons



Stone Fruit



Nuts



Many others

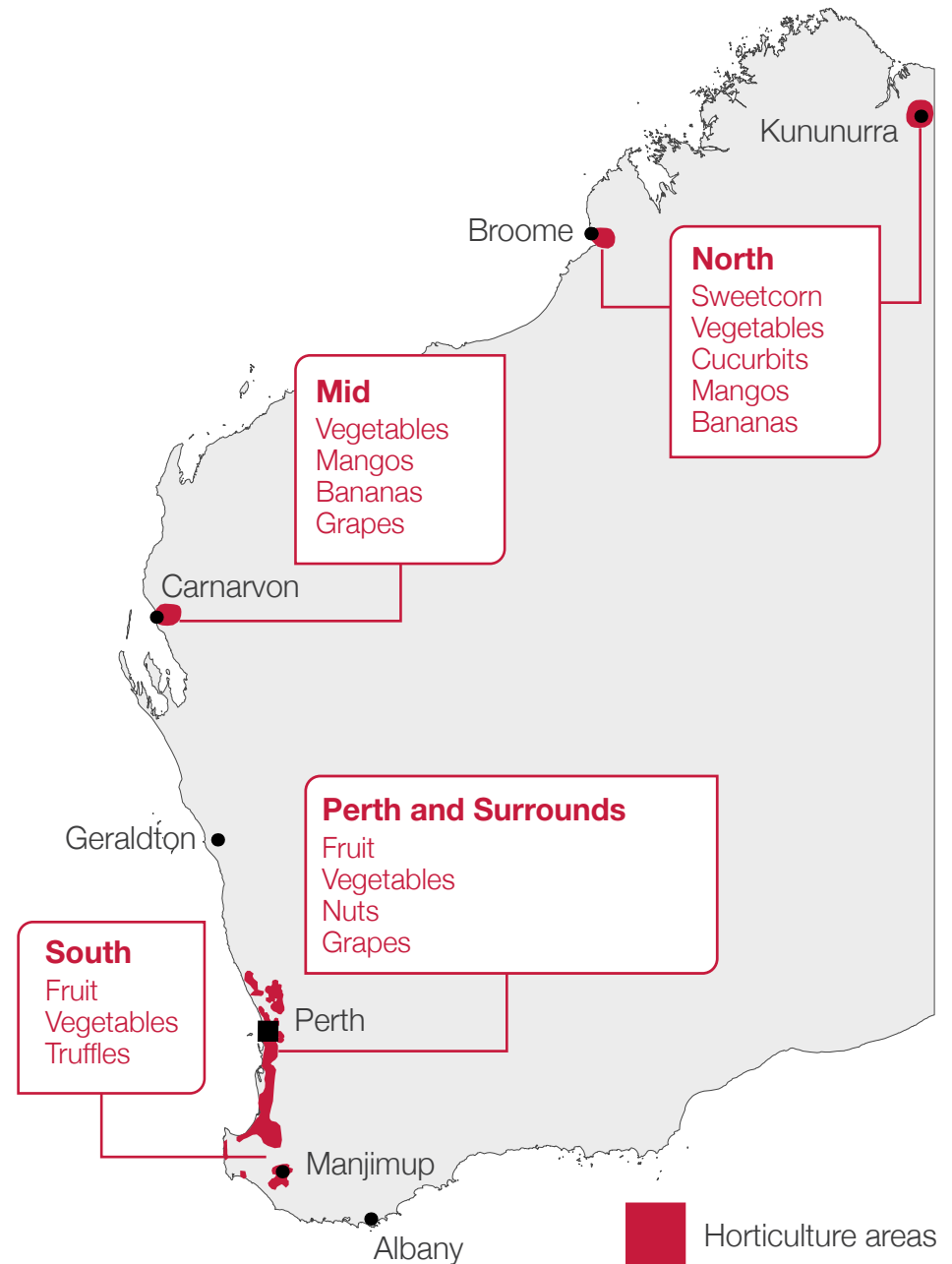
“Products have a great reputation in international markets and with diversity in growing locations, quality crops are produced in different seasons.”

Research Director

Western Australia's horticulture industry is concentrated in the **south**, but with counter-seasonal **north and mid-state** supply

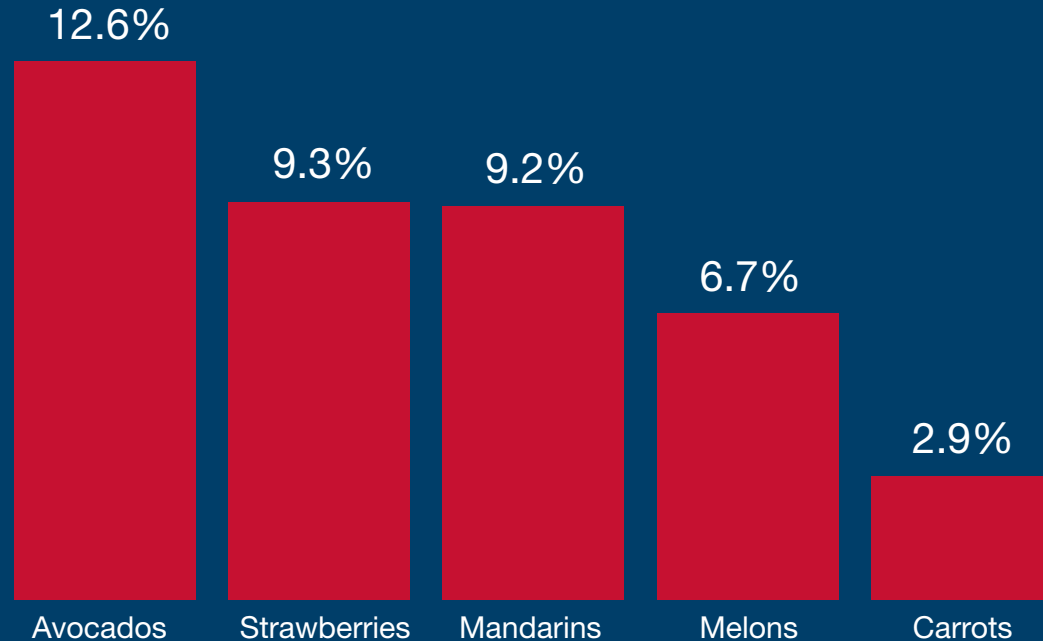
“Our benchmarking initiative has gone very well. Companies really appreciate being able to compare their finances and make improvements. There is an ongoing motivation to improve. This is very good for the industry overall.”

CEO, Industry Association



The efficiency of Western Australian horticulture is increasing

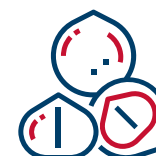
10 year growth in tonnes or trees per grower



“As our trees grow and mature our yields will continue to increase.”

CEO, Diversified Agrifoods Company

Export focused horticulture



Root crops

- Long historical export success into growth markets
- Strong in Asia and Middle East
- Achieves premium in-market
- Carrots are WA's largest horticultural export in value and volume
- Seed and ware potatoes and onions achieve export success

Berry fruit

- Attracting significant investment
- Growing local and export demand
- New varieties and genetics
- Export success in strawberries
- Pollinating research advancing blue berry production

Tree fruit and vines

- Strong track record of breeding, production and development (e.g. Bravo® branded apples)
- Long history of supplying export markets
- High level of vertical and horizontal integration
- Proven entrepreneurs in table grapes, avocados and citrus who have improved quality and production for export

Leafy vegetables

- Established domestic market
- Select airfreight markets
- Can reach Asian destinations on day of harvest
- Excellent food safety standards

Specialty other opportunities

- Leading global truffle suppliers – Manjimup is an ideal production area
- Differentiated range of or native crops and bush foods (e.g. finger limes)
- Wide range of other products (e.g. nuts, bush foods)

Access to land and water

- Large amounts of available land and abundant water can support industry growth
- Regions including the Ord River Irrigation Area, the La Grange groundwater south of Broome, Carnarvon, the Swan Coastal Plain, Collie, Manjimup and other areas have reliable good quality water for irrigation

Western Australian horticulture exports are growing

8%
10yr CAGR



CAGR = Compound annual growth rate

Total Western Australia Horticulture Exports
AU\$ million, 2008 to 2018





3 different production systems

Mechanised field agriculture

- Regional clusters around packhouses in each production area
- Efficient irrigation systems
- Large at scale modern farming operations
- High technology systems
- Latest genetics well adapted
- Year round production across climatic regions
- Strong reputation in export markets

High productivity orchards and vines

- Modern packhouses service surrounding growers
- Accessing proven genetics
- Track record of innovation
- Highly skilled workforce
- Strong reputation in export markets
- Temperate through tropical production areas

Greenhouses and other protected cropping

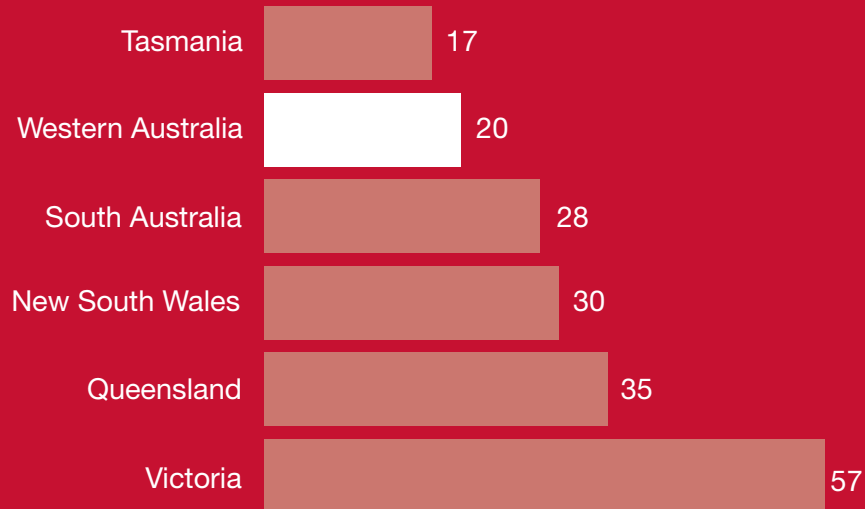
- Focused on high value crops
- Modern high output production systems
- Leveraging global proven technology
- World class capabilities and systems
- Untapped potential for growth where markets identified

Western Australia has **growth upside** in farm sizes relative to competitors

Western Australia can grow average farm size significantly and achieve more efficiency to match key competitor states¹

Average Fruit Farm Size

Hectares, 2018



Average Vegetable Farm Size

Hectares, 2018



1. Subject to regional water availability. Source: ABS, Project analysis

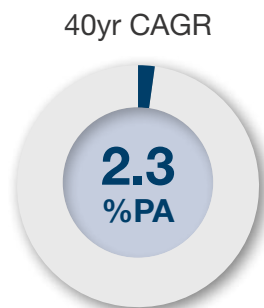
There will be **solid demand** for fruit and vegetables in the future

“Australian fruit exports to China have grown fivefold in just four years, and there is ample opportunity to ramp up exports of vegetables into Asia... Asia has fuelled significant growth in Australian fresh fruit and vegetable exports, with China, Hong Kong, Japan and India leading the way.”

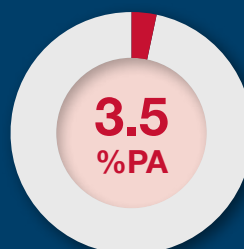
ANZ InFocus Future of Fresh, March 2018

High level macro drivers support **solid export demand** for horticultural products

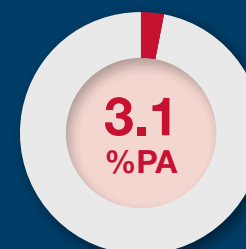
Aggregate Global Fruit and Vegetable Production Growth



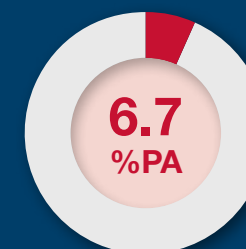
Total Global Fruit and Nut Trade 10yr CAGR



Volume Growth

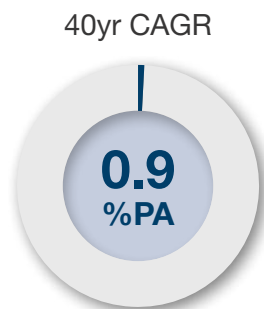


Price Growth

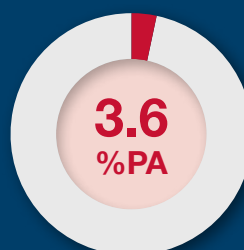


Value Growth

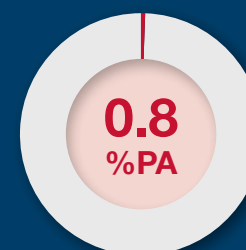
Fruit and Vegetable Consumption Growth per Person



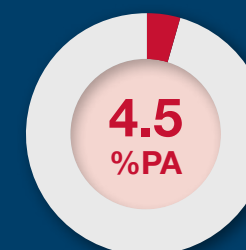
Global Vegetable Trade 10yr CAGR



Volume Growth



Price Growth



Value Growth



Attracting global investment



Global berry
company



Major NZ based
produce Co-operative



Canadian based
Pension Fund



Chinese investment
company

SHANGHAI
ZHONGFU

Chinese private
real estate company

Investment is occurring



2019

Memorandum of Understanding (MOU) signed with Australian licensee for Bravo® branded apples owner Fruit West Cooperative and Star Fruits Diffusion and Top Fruits (South Africa).



2019

Harvest Road plans to develop 100 hectares of land in the Pilbara and Gasgoyne – potential for \$100 million worth of produce annually.

**MULTIPLE
FIRMS**

**2015
onward**

Substantial investment in developing avocado industry in the South.



**2016
onwards**

Significant investment in growing citrus.



2019

Cotton, horticulture, field crops and cattle.



2018

\$1 million on packing technology (to reduce packaging and plastic).



2019

\$10 million investment in infrastructure for growth (e.g. irrigation).

The Western Australian horticulture sector has a strong group of companies

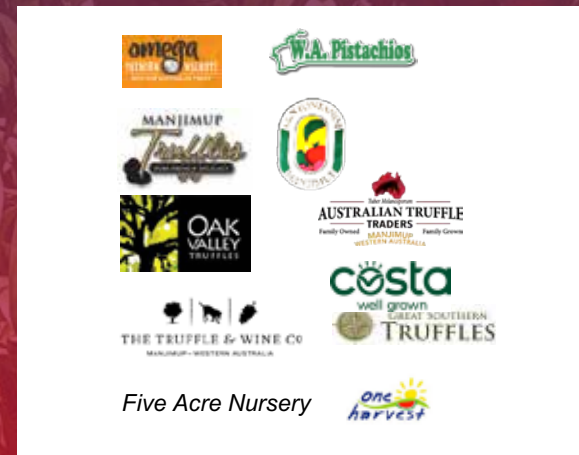
Vegetables



Fruit



Other



Returns across the supply chain

Australia's high performing sectors are showing strong returns across the supply chain

Growing

Vegetable

8.3%

Grape Growing

16.6%

Citrus, Nut, Other

11.4%

Apple, Pear, Stone

6.8%

Fruit and Vegetable Wholesaling

4.4%

Fruit and Vegetable Processing

4.7%

Note: Australia-wide statistics. 1. Australian industry average profit margins (EBIT/Revenue), 2018
EBIT = Earnings before interest and tax. Source: IBISWorld, Project analysis

Four investment themes

Four investment themes exist to create growth in the Western Australian horticulture industry

Investing in **world-class systems**

Opportunities exist to continue to grow overall productivity through technologies, genetics and crop and farm management

1

Investing in **ongoing post farm gate efficiencies**

Opportunities exist to continue to drive industry consolidation and packhouse scale

2

Investing in **value chain development**

Opportunities exist to build more integrated value chain linkages into key high value markets

3

Investing in **growing production**

Opportunities exist to produce significantly more horticulture from Western Australian resources

4

Value propositions exist that promote opportunities for investment



Expand Bravo® branded apples platform

- Western Australia has developed several unique apple varieties marketed as Pink Lady®, Joya® and Bravo®
- Industry currently in scale up mode
- Opportunity to expand world wide with global export opportunities



Develop mangoes targeting Asia

- North Western Australia tropical counter seasonal conditions
- Growing demand for premium mangoes in key markets
- Queensland experience indicates significant upside



Bush crops targeting global CTF* houses

- Unique and diverse range of plants available
- Deep traditional knowledge base
- Positive consumer story and positioning
- Emerging scientific research

The Department of Primary Industries and Regional Development is ready to assist you

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The Department of Primary Industries and Regional Development commissioned Coriolis Australia Pty Ltd to provide the information in this publication in consultation with selected industry stakeholders.

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